

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Radisson Wilshire Plaza Hotel
3515 Wilshire Boulevard
Los Angeles, California
November 15, 2001

PANEL MEMBERS

Marsha Kwalwasser
Acting Chairperson

David Brown
Member

Aram Hodess
Member

Robert Holstein
Member

Robert Lennox
Member

Patricia Murphy
Member

Tom Rankin
Member

Executive Staff

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Radisson Wilshire Plaza Hotel
3515 Wilshire Boulevard
Los Angeles, California
November 15, 2001

I. CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 9:05 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chair
David Brown (arrived at 10:05 a.m.)
Aram Hodess
Pat Murphy (was connected by teleconference at 9:30 a.m.)
Tom Rankin (left at 2:50 p.m.)

Members Absent

Robert Holstein
Robert Lennox

Executive Staff Present

Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. AGENDA

Ms. Kwalwasser announced the Panel would continue today's meeting through lunch. Speakers have been invited to give perspectives on the state of the economy.

IV. APPROVAL OF MINUTES

Ms. Kwalwasser requested to add to the minutes of October 25 that the Panel resumed the regular business portion of the meeting in the Golden Gate Room immediately following the lunchtime speakers on the State of Economic Conditions in the Bay Area (page 15).

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

Ms. Kwalwasser announced the possibility of a two-day Panel meeting in December due to the number of projects that will be brought before the Panel.

VI. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported on a meeting with staff from the BioCom Association in San Diego. He stated representatives from the BioCom industry will present an overview of the BioTech industry at the January 2002 Panel Meeting in San Diego.

Mr. DeMauro reported on a hearing Ada Carrillo, Tom Rankin, and he had attended that was held by Assembly Member Koretz for the purpose of determining the economic fallout from and also what can be done in response to the tragic events of September 11 and the general downturn in the economy. Mr. DeMauro stated he sensed an appreciation from the hearing participants that the ETP Panel had already set aside up to \$10 million to provide retraining assistance to prevent worker displacement in those industries directly impacted by the events of September 11.

Mr. DeMauro introduced Dolores Kendrick who will be the Southern California Monitoring Unit Manager, replacing Otome Nagano who will be retiring at the end of this year.

Tom Rankin reported on the Koretz Hearing and possible solutions to aid those workers who are being laid off or have had a reduction in work hours to avoid lay offs. He stated one of the possible solutions to ease the problem would be promote the workshare program offered through the unemployment insurance program. Ms. Kwalwasser stated as a member of the Panel's Legislative Committee, she has an appointment to meet with Assembly Member Koretz next week.

Mr. DeMauro reported that ETP staff has been contacting contractors who have requested contract terminations, in an attempt to assist them through their difficult times.

Ms. Carrillo reported ETP has initiated negotiations with California State University at Northridge for a contract to perform an independent study on the effectiveness for Structured On Site Training (SOST) and to provide recommendation regarding reimbursement rules for SOST. Results of the study should be available to the Panel by the middle of 2002.

VII. IMPLEMENTATION PLAN

Ms. Carrillo stated Ms. Murphy will arrange to have staff from Technology, Trade, and Commerce Agency give a presentation at the December Panel meeting on economic multipliers.

VIII. AGREEMENTS AND AMENDMENTS

Panel members present agreed that in the absence of a quorum they would proceed with the presentation of projects and would act as a Committee of the Whole. Action will be taken on those projects presented to the Committee of the Whole once a quorum is established. Ms. Kwalwasser announced the order of project presentations was changed in order to accommodate an audio/video presentation by TRW Space & Electronics.

Ms. Murphy joined the Panel via teleconference at 9:30 a.m.

Oakwood Worldwide

The One-Step Agreement for Oakwood Worldwide had been withdrawn from consideration at this month's Panel meeting.

TRW Space & Electronics (Out of Order)

Ron Tagami, manager of ETP's North Hollywood field office, presented a One-Step Agreement for TRW Space & Electronics in the amount of \$8,773,600 to retrain 4,750 employees. TRW Space & Electronics is headquartered in Redondo Beach and employs 8,500 workers worldwide, including 8,100 workers in locations throughout California. TRW engages in a wide variety of activities including systems engineering, spacecraft manufacturing, ground station development, and space instrument design for communications, surveillance, remote sensing and space science missions for commercial and government applications. TRW has grown and prospered by using advanced technologies, by creating products and services with maximum value, and by meeting customer needs. The Company draws on the creativity of its people to supply a constant flow of technical innovations to the business. To win competitive bids, TRW must improve manufacturing and business processes to reduce costs. TRW's President/Chief Executive Officer has mandated that the Company become quality defect-free throughout by implementing Six Sigma, a statistics-based quality system. Six Sigma will provide the tools and methodologies needed to transform TRW into a quality-oriented team. Six Sigma encompasses improvements in processes, process design/redesign, and process management. TRW's investment in training and training-related costs not covered by ETP funds total approximately \$41 million. Agreement terms and conditions have been revised in part to state: "If the Contractor relocates or consolidates the California facility at which training was provided (or the job for which training was provided) with a facility (or a job) located outside California within five years (rather than three) of the Agreement termination, Contractor shall return, at ETP's discretion, all money earned under this Agreement as provided in Paragraph 2."

Mr. Tagami introduced Lisa Kohl, Vice President of Six Sigma, and Brian Massey, Six Sigma Business Manager. Ms. Kohl presented an audio/video on the x-ray satellite built for NASA and the Six Sigma system.

Mr. Brown arrived and joined the Panel at 10:05 a.m.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Ms. Murphy requested progress reports on the training be presented to the Panel every few months.

R. Lang Company

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for R. Lang Company in the amount of \$222,800 to retrain 90 employees in Manufacturing Skills, Continuous Improvement, Business Skills, Computer Skills, and Vocational English as a Second Language in order to provide a high performance workplace environment. R. Lang Company is located in Visalia and manufactures home improvement and building products. R. Lang Company has constructed a 75,000-foot manufacturing and distribution center and invested \$299,110 in new equipment. The Company projects it will invest another \$165,000 in new equipment this year. R. Lang Company estimates that it will spend \$77,734 in training and training-related costs not covered by ETP funds for project development and training needs assessments. In addition, the Company will pay an estimated \$108,054 in wages to employees during the ETP training program. Because the Company's goal is to provide an inclusive training program to virtually the entire workforce, R. Lang Company is requesting a wage waiver from \$10.58 per hour to \$8.72 per hour for 38 production workers, assemblers, and distribution workers.

Mr. Rufo introduced Robert Wilbur, Vice President of R. Lang Company; and Kelly Greer, President of Strategy Workplace Communications. Mr. Wilbur explained the high turnover rate is basically due to the Company's seasonal workers. Mr. Rankin questioned the application of health benefits to wages in order to meet the ETP minimum wage requirement for those employees who are not covered by health benefits because they cannot afford the co-payment. Ms. Carrillo stated that all employees enrolled in the ETP training program would be making at least the minimum wage of \$8.72 per hour.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Agilent Technologies, Inc.

Creighton Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for Agilent Technologies, Inc. in the amount of \$3,670,000. Agilent is a manufacturer of test and measurement products, semiconductor products, and chemical analysis and life sciences products. The market for Agilent's products is challenged by intense out-of-state competition and offshore companies. Agilent has developed a worker retraining plan that will enhance the company's productivity and accelerate the Company's move to a high performance workplace. Agilent is requesting assistance to train 8,000 employees located statewide across all occupations, including production workers, technicians, administrators, engineers, programmers, clerks, scientists, accountants, buyers, and planners. The Company's in-kind contributions include direct training cost in excess of ETP funds of \$9,537,486; wages paid to employees while attending ETP funded training of \$7,923,828; and lost production costs of \$21,565,565.

Mr. Chan introduced Kathy Hendrickson, Senior Director of Global Learning, and Nadine Rothermel, Global Learning Operations Manager. Mr. Hodess questioned the type of computer training Agilent will be providing. Ms. Hendrickson explained the training is specialized for Agilent in the operation of the new Oracle Enterprise Resources Planning System. She stated the Oracle system would be the sole process throughout the Company replacing several individual systems. Ms. Murphy questioned the success of administration services being provided by a contracted company. Ms. Hendrickson stated the contract for administration services is a performance-based contract.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

M. Arthur Gensler Jr. & Associates, Inc.

Mr. Chan presented a One-Step Agreement for M. Arthur Gensler Jr. & Associates, Inc., in the amount of \$110,404 to retrain 229 employees. M. Arthur Gensler Jr. & Associates, Inc., is a San Francisco-based architectural design firm providing architectural design, building consultation, facility management, program management, strategic planning, and tenant development that include airports, entertainment complexes, office buildings, college campuses, retail space, and hotels. The Company serves clients from industries such as high technology, manufacturing, transportation, media and communications, health, law, and government. This is Gensler's second contract with ETP. Its first contract set the foundation for structured training. Gensler was able to develop assessment tools, training curriculum, and means of administering training attendance. The training concept has proved to be a valuable asset to the Company and its employees who reached a higher level of

production and efficiency. The Company has outgrown its current accounting and financial computer system. The Company is requesting ETP's assistance to fund training for its employees on a new system that will allow the integration and exchange of information between Gensler's global clients and Gensler's departments.

Mr. Chan introduced Vincenta Licata, Training Manager, and Laurie Dreyer-Hadley, Vice President, Human Resources, from Gensler; and Judy Turner, Manager, from Deloitte & Touche. Mr. Rankin questioned the performance on the first contract. Ms. Licata stated the lack of performance on the first project was due to a rapid growth within the Company and no one person was designated to take charge of the training program. The Company has hired a training manager who will manage the training schedules and the submittal of the required documentation to ETP in a timely manner

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Balboa Instruments, Inc.

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for Balboa Instruments, Inc., in the amount of \$168,000 to retrain 160 employees in Manufacturing Skills, Continuous Improvement, and Computer Skills. Balboa Instruments designs, manufactures, and sells custom electronic controls and devices for spas, hot tubs, pools, whirlpool baths, and saunas. In order to remain competitive and increase the productivity and efficiency of its operation, Balboa Instruments must have a better skilled and trained workforce. Balboa Instruments will invest approximately \$76,000 in training related costs not covered by ETP funds and \$156,000 in wages paid to trainees during training.

Ms. Torres introduced Stephen Scherer, Executive Vice President, COO.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Pacific Life Insurance Co.

Mr. Torres presented a One-Step Agreement for Pacific Life Insurance Company in the amount of \$897,680 to retrain 864 frontline workers. The entire project cost is \$1,282,400, but a \$384,720 substantial contribution has been charged, thus reducing the ETP funding to \$897,680. Pacific Life Insurance Company provides life and health insurance products, individual annuities and group employee benefits, and a variety of

investment products and services to individuals, businesses, and pension plans. The Company's corporate headquarters are divided among five California facilities located in Newport Beach, Fountain Valley, Huntington Beach, Foothill Ranch and Pasadena, which are the training sites for the proposed training. This is the third Agreement between Pacific Life Insurance Company and ETP. In the first two Agreements, Pacific Life undertook extensive retraining programs as the first phases of the Company's high performance workplace initiative. Significant industry and business changes necessitate additional training in order to meet business objectives. Pacific Life Insurance Company will invest approximately \$2,355,296 for training related costs not covered by ETP funds. Pacific Life requests the use of an out-of-state vendor to provide the specialized training consisting of highly technical computer programming skills. Pacific Life requests that the Panel allow 400 class/lab hours of training for ten trainees who will be placed into an intensive, full-time Advanced Technology Computer Skills training program.

Ms. Torres introduced Anthony Bonno, Vice President of Human Resources, and Justine Milberg, Assistant Vice President. Ms. Milberg stated Pacific Life Insurance has four major life insurance business divisions. She stated one division alone processes approximately 10,000 insurance claims a night. The only computer system that can process that magnitude is mainframe, which uses COBOL programming. Ms. Milberg stated there is no vendor in California that provides COBOL training.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Hacor, Inc.

Mr. Tagami presented a One-Step Agreement for Hacor, Inc., in the amount of \$310,164 to retrain 230 workers. This project was brought to the Panel's attention through the marketing efforts of the Technology, Trade and Commerce Agency. Hacor, Inc., provides in-flight prepackaged meals to Korean Airlines, Air France, China Eastern Airlines and AOM French Airlines. The airline food production industry is very competitive. Hacor is making a \$14 million investment in a new kitchen facility. The Company recognizes that it must provide training if workers are to meet the increasing demands by new and existing customers for high quality and customized menu items. Training will also assist Hacor to become a high performance workplace as workers will be more involved in the problem solving and decision making processes. Hacor is requesting a waiver to the ETP minimum wage of \$11.54 per hour for Los Angeles County, which has been designated as an area with unemployment rates that exceeds the State average rate by 50 percent. There are 171 retrainees who qualify as the working poor. The post retention wage of these trainees will exceed the wage before and during training by at least 5 percent. The minimum wage after retention for these

workers will be \$7.09 per hour. The Teamsters, Local 986, Miscellaneous Warehouseman Drivers and Helpers, support this Agreement.

Mr. Tagami introduced Yong-Nam Park, General Manager, Rodney Meador, Marketing Manager, from Hacor; and Richard Sena, Representative from Teamsters Local 986. Ms. Kwalwasser questioned the nature of the training. Mr. Meador stated the major portion of the training would be upgrading the computer skill level of all employees. He stated 90 percent the Company's employees are Hispanic, and they will be provided training in Vocational English. Mr. Hodess was concerned with the low wages paid and the possibility of employees moving to a competitor company for higher wages after completion of training. Mr. Meador stated that is always a possibility, but Hacor has a policy of promoting from within and does have a good record of long-term retention.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Novacap

Mr. Tagami presented a One-Step Agreement for Novacap in the amount of \$123,090. Novacap is located in Valencia, California, and employs 300 people. Novacap manufactures multiplayer ceramic capacitors for use in electronics, aerospace, military, medical telecommunications, computer and automotive markets. Novacap is currently creating a training department to assist in achieving its goal of becoming a high performance workplace. The Company has invested \$5 million in new equipment. Novacap proposes to train 80 workers in Continuous Improvement, Business Skills, Computer Skills, and Management Skills. Novacap projects it will incur \$176,000 for training costs and other training related expenses in addition to ETP funds, and approximately \$242,704 for wages to be paid to employees during training.

Mr. Tagami introduced Vaughn Chicagus, Controller; Brian Crowley, Quality Assurance Manager; and Sandra Torres, Training Manager. Mr. DeMauro questioned the Company's current turnover rate. Mr. Chicagus stated the Company experienced a high turnover rate due to the downturn in the economy. The Company has rehired 50 people since July 2001.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Tosco Refining Company

Mr. Tagami presented a One-Step Agreement for Tosco Refining Company in the amount of \$138,112. This project was brought to the Panel through the efforts of the California Manufacturers and Technology Association. The Tosco refineries manufacture finished petroleum products such as gasoline, diesel fuel, jet fuel, and heating oil. In order to keep its commitment to improve performance and implement advanced technology, Tosco proposes to retrain 214 employees in Manufacturing Skills, Business Skills, Management Skills, and Computer Skills. Paper, Allied-Industrial, Chemical & Energy Workers (PACE) Union Local 8-0675 supports this training project.

Mr. Tagami introduced Gregory Mooney, Manager Human Resources; and Rick Albis, Grievance Committee Chair of the PACE Union. Mr. Hodess questioned the Company's policy of hiring maintenance workers. Mr. Albis stated the Company has a policy of hiring Southern California union represented contractors. The Company's daily maintenance and operating maintenance workers are represented by bargaining units. Mr. Rankin asked about the safety environment at Tosco. Mr. Albis stated the Southern California PACE is a very progressive local and safety training is a high priority.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Oakland Private Industry Council (PIC)

Mr. Chan presented a Proposed Agreement for Oakland Private Industry Council, Inc. in the amount of \$306,650. The Oakland PIC proposes to provide 160 incumbent California workers of small businesses and 40 workers of larger businesses entry-level to advanced information technology (IT) skills. The Contractor requested that the Panel reconsider the requirement that an employer must have training occurring at the employer's site to receive the \$20 per hour small business rate. The Contractor stated by allowing training to occur at vendor sites, the Contractor will be able to serve the needs of multiple small employers under the Techforce training plan design more efficiently. Most small businesses lack the physical space, training expertise, training materials, and lab environment at the worksite to conduct IT training. This model project will serve as a demonstration project to determine if training employees of small businesses at the vendor site will increase small business participation.

Mr. Chan introduced Debra Pinkas, General Counsel, of the Oakland Private Industry Council, Inc., Al Auletta, Executive Director, Workforce Investment Board (WIB), of the City of Oakland; and Mike Wilson, CEO, of Eastbay Technology Education Collaborative. Mr. Hodess questioned who would be providing in-kind contributions.

Mr. Auletta replied the in-kind contribution would be coming from the employee salaries paid by the employers. Mr. Rankin and Mr. Brown stated they were not comfortable with the Panel being requested to approve a proposed project that is not complete; most of the information is not available. Mr. DeMauro explained the process of presenting a Proposed Agreement. He stated if the Panel approves the Contractor's intentions, staff would prepare a Final Agreement after receiving and approving the following contingencies: a Primary Contractor Certification Statement, including the methodology for determining each employer's in-kind contribution amount; a Board Resolution; a final curriculum; an ETP 100B listing the core group of participating employers; a listing of subcontractors or training vendors for the initial phase of the program; and any and all documents required to draft a Final Agreement that meets Panel legislation, regulation, policies, and practices. Mr. DeMauro suggested the Contractor be requested to reappear before the Panel when the Final Agreement is presented to the Panel, which is not normally a requirement. Ms. Kwalwasser asked if there is a list of participating employers. Mr. Auletta stated the need for trained workers is great. The WIB has just begun compiling a list of partnering businesses. He stated so far there are five Bay Area businesses that have agreed to partner.

ACTION: Ms. Murphy moved and Mr. Hodess seconded the Panel approve the Proposed Agreement with the contingencies and the Contractor to reappear before the Panel when the Final Agreement is presented.

Motion carried, 4 – 0 – 1 abstention (Roll call vote: Mr. Brown – abstained; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

City of Westminster (Out of order)

Mr. Tagami presented a One-Step Agreement for the City of Westminster in the amount of \$197,900 under the SET funding category. This is the second project for the City of Westminster. The first contract was a Welfare-to-Work contract with 100 percent earned. The City of Westminster is a training and service provider with a strategic plan that focuses on business retention, workforce development and expansion. The City of Westminster has a high population of "working poor" workers who have one or more barriers to being fully employed. This proposed project would provide training in literacy skills designed to help 170 workers overcome education deficiencies. All training will be conducted at employers' work sites. The Contractor is requesting a waiver to the ETP minimum wage requirement at retention from \$11.54 per hour to \$7.00 per hour for 50 employees working in a high unemployment area, which may be allowed for projects in regions of the State where the unemployment rate is significantly higher than the State average.

Mr. Tagami introduced Rosa Wilkins-Lang, Career Services Manager.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Mr. DeMauro announced that Lori Mangine, former ETP Assistant Director, has a very serious health problem. He asked the Panel to consider a motion to wish her a speedy recovery.

ACTION: Mr. Hodess moved and Mr. Brown seconded the Panel wish Lori Mangine a speedy recovery.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

The Panel moved to the Sunset Room to hear from a panel of speakers on the state of local economic conditions.

IX. STATE OF THE BAY AREA ECONOMY DISCUSSION

Charles Lundberg, Manager of ETP's Marketing Unit, introduced Jan Vogel, Executive Director, South Bay Workforce Investment Board. Mr. Vogel reported on lay off statistics. Los Angeles County has reported as many as 41,000 jobs in the service and transportation industries will be lost which translates to approximately \$2 billion in related trading spending. He stated 40 percent of Los Angeles County's unionized hotel workers have had job hours cut back or laid off. He stated even with some dislocated worker resources available through Los Angeles County's eight local Workforce Investment Boards, current funding levels fall short of what is needed to address the massive lay offs in the region, particularly in the travel, tourism, and hospitality firms which have been the hardest hit. He stated according to local WIB administrators, it is estimated that \$21 million in new funding may be needed in order to attempt to meet some of the needs of the displaced workers. Many workers will need to upgrade their skills to reenter the workforce.

Mr. Lundberg introduced Tom Walsh, President, Hotel Employees & Restaurant Employees Union Local 814, A.F.L.-C.I.O. Mr. Walsh stated approximately one-third of the hotel and food industry workers represented in two of the Los Angeles Local Unions have been laid off or have had hours severely cut back. The main goal of the Union is to keep the workforce together and upgrade their skills.

Mr. Lundberg introduced Victor Hwang, Chief Operating Officer, Los Angeles Regional Technology Alliance (LARTA). Mr. Hwang spoke on the Technology Industry in Southern California. He stated one of the services provided by LARTA is a series of management skills training programs to companies in, but not limited to, the technology sector. He stated that although employees and employers may

possess high tech skills, they do not have adequate basic business skills to maintain secure full-time employment.

Mr. Lundberg introduced Barry Brewer, Deputy Director, Employment Development Department (EDD) Legislative Liaison Office. Mr. Brewer, in answer to the Governor's letter to EDD requesting possible assistance to those affected by the September 11 terrorist attack, spoke on the Work Share Program, which was developed a few years ago to assist in averting lay-offs by reducing an employees work week. Employees can be retained and their hours can be increased when the economy improves. Employees in the Work Share Program are able to retain their health benefits.

The Public Panel Meeting resumed business in the Plaza Ballroom at 1:30 p.m.

X. CALIFORNIA TRUCKING ASSOCIATION

Ms. Kwalwasser introduced Mark Sturdevant, Manager, Membership Development of Fleet Services in the Inland Empire, California Trucking Association. Mr. Sturdevant stated in 1997, 1 out of every 12 workers was employed in a trucking related occupation in California. The total annual payroll in 1997 for the trucking industry was \$33.6 billion. The industry created 149,502 new jobs between the years 1992 and 1997. California is home to more than 18,000 family owned and corporate trucking business. He stated he was aware of the Panel's questions regarding the benefit of spending training dollars on truck driver training. He stated there is a paradox within the State that the typical smaller California intrastate carrier is not allowed by its insurance carrier to hire a new California Drivers License (CDL) truck driver without a minimum of six months experience driving interstate because of the high risk, high liability on inexperienced drivers. He stated the large interstate trucking companies usually are self-insured and can hire drivers directly from the driver training schools. He stated when a driver graduates from an interstate program, a carrier has to provide additional training on the specific application for that carrier within the State. Those additional training expenses run from \$1,500 to \$3,000 per trainee.

Mr. Rankin stated if the only companies who can hire drivers who have completed the ETP funded training are the large trucking companies; the ETP funded training is not benefiting the smaller trucking companies. Mr. Rankin stated if ETP trainees can only being hired by the large trucking companies, he asked why those employers are not contributing to the ETP training. Mr. Sturdevant stated the large truck companies have their own internal truck driver training program. Mr. Hodess stated the Panel's issue is to see employers in growth industries, such as the trucking industry, that are taking advantage of getting trained workers whose training has been paid for by ETP funds, contribute to the training. Mr. Hodess said it appears most of the employers, those with a small business, cannot benefit from ETP funded trainees.

Mr. Sturdevant stated the truck driving schools only assist trainees in acquiring the minimum requirements to obtain the Class A CDL. He added once the trainee receives the CDL and is hired by a trucking company, approximately two months of additional training will be provided by his employer. Once the driver has completed at least six months of driving between states, he can work for a company that just drives within the State of California. There is a rapid turnover rate in the large trucking companies because of drivers wanting to drive locally. Therefore, after obtaining the experience necessary drivers leave the larger companies to work for the smaller local companies. Thus, there is a large demand for truck driver school graduates by the larger companies. Panel members could not see the necessity of the truck driving schools as a "middle-man" when the trucking companies could apply directly to ETP for training funds, particularly to train those individuals coming off the unemployment roles. When asked for his candid opinion regarding the impact of truck driving school, Mr. Sturdevant replied his personal opinion was that the schools do a very good job teaching to the minimum level required for drivers to be able to obtain their CDLs in order to be hired. He stated, to that extent, the ETP funds are moneys well spent.

Mr. Rankin requested staff to review the truck driving school contracts and research the type of companies where the trainees are placed, i.e., intrastate or interstate. Mr. Hodess stated if the trucking industry put more resources towards training, the insurance would not be as high it is because the drivers would be better trained and more experienced.

XI. AGREEMENTS AND AMENDMENTS CONTINUED

George G. Glenner Alzheimer's Family Centers, Inc.

Ms. Diana Torres of the San Diego Field Office introduced a One-Step Agreement for the George G. Glenner Alzheimer's Family Centers, Inc. for a total program cost of \$501,100. This is the fourth agreement proposal for the George G. Glenner Alzheimer's Family Centers. George G. Glenner is a non-profit agency that specializes in training and education in the care of adult patients with dementia illnesses, primarily Alzheimer's disease. It offers certified Nurse Assistant training with a dementia care specialization designed to meet the needs of local nursing homes, residential care facilities, and other health care providers in the San Diego area. The need in for specialized training in dementia illnesses continues to grow as the population ages. To meet these employer and industry demands, George G. Glenner requests assistance from the Panel to train and place 100 displaced Unemployment Insurance recipients in the specialized occupations of CNA Certified Home Health Aide and Residential Care Facility Care Provider.

In the previous ETP projects for this contractor, the Panel had approved the 314-hour curricula. In 2001, this Panel has approved two CNA projects with 240-250 class/lab hours of training. However, these projects did not contain any specialized dementia

training. Also, a consideration to the high cost of this training is that it training will result in careers with advancement and significant wage increases. According to the California Association of Health Facilities, experience as a Certified Nurses Assistant opens the door to a myriad of career opportunities in the Health Care Industry. CNAs can go on to become Lead or Supervisory CNAs, Restorative Nurses Aides, Physical Therapy Aides, Home Health Aides, Medical Records Clerks, etc. In addition, George G. Glenner placement records show trainees have a significant wage progression from initial placement to the current wages. Finally, George G. Glenner representatives report that the cost per trainee from other funding sources such as the Workforce Investment Act and the Caregiver Training Initiative for completion of training in an equitable placement period is \$9,488, much higher than the ETP reimbursement. George G. Glenner representatives state that once employees are placed into employment, participating employers report that new-hire trainees receive an average of 32 hours of job orientation and job shadowing in the first week of the 90-day retention period. Trainees also receive daily on-the-job training conducted by the director of staff development and an assigned mentor CNA during the remaining 90-day retention period. The cost associated with this training is approximately \$4,146 per trainee. Following the 90-day retention period, participating employers provide a minimum of 48 hours of classroom training per individual every two years as mandated by state law for skilled nursing facilities. The cost associated with this training is estimated at \$1,200 per trainee. This training is typically provided after the first six months on the job. Additionally, prior to placement, many of the participating employers provide classroom and laboratory training space at their facilities. Participating employers provide equipment and on-staff educators as guest speakers during the lab training for ETP trainees. George G. Glenner has estimated the value of these participating employer contributions to be approximately \$10-\$15 per hour per student.

Ms. Torres introduced Jean Stehman, Director of the School of Dementia Care. Ms. Stehman stated that the George G. Glenner Alzheimer's Family Centers, Inc. is a unique agency. They have five daycare centers for Alzheimer's patients. Students do practical training in the daycare centers with a staff mentor. She stated most facilities have very short training programs or are unable to provide the training because of a shortage of staff. Because dementia training is so intense and specific, it is difficult to do on the job training at the nursing facilities because they are so short staffed.

ACTION: Ms. Kwalwasser moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Mr. DeMauro questioned why facilities that are willing to offer a \$900 finder-fee for referrals for people to be hired wouldn't be willing to pay in-kind contributions for training. Ms. Stehman stated that some facilities offer a finder-fee in order to hire more people. Not all facilities offer finder fees.

Mr. DeMauro asked what the difference is between ETP contracts where training costs \$5,000 per person versus other training programs that cost \$9,500-\$9,500.

Ms. Stehman replied the Care Giver Training Initiative Project has a six-month retention rather than three-months and reimbursement is continuous throughout the training. With ETP students, there is no guarantee that the trainees will complete the entire training program. Trainees can have a Dementia Care certificate within five weeks and not complete the CNA and Home Health Aid training. Glenner would not be reimbursed for any training for those that dropped out.

Ms. Torres asked Ms. Stehman if the Company would consider extending the retention period for new hires given the dollar investment the Panel is making for each individual. Ms. Stehman said that there is no question that these are secure jobs and stated the Contractor would be willing to extend the retention period.

Ms. Torres stated that she thinks that new hire projects are always a contention because of the high cost per trainee. The Panel should consider that this project is basically taking people off the unemployment insurance roles and putting them into professional types of jobs with career ladder potential. Ms. Stehman noted that the trainees would never be out of a job again unless it is their choice.

Ms. Kwalwasser asked if Glenner would agree to extend the retention period an additional six-months. Ms. Stehman agreed.

Motion carried, 5 – 0 (Roll call vote: Mr. Brown – yes; Mr. Hodess – yes; Ms. Murphy – yes; Mr. Rankin – yes; Ms. Kwalwasser – yes).

Long Beach Workforce

The One-Step Agreement for Long Beach Workforce has been withdrawn from consideration at this month's Panel meeting.

RIM Corporation

Mr. Charles Rufo, Manager of the Sacramento Field office, presented a One-Step Agreement for RIM Corporation in the amount of \$75,712 to train 91 employees in a Career Ladders program of 64 hours in business, commercial and literacy skills. This is a joint effort between EDD and ETP pursuant to Title 22, California Code of Regulations, which states, "The Panel may fund projects...to provide workers in low-wage jobs the skills necessary to advance to higher paying jobs in industries with the potential for career advancement opportunities." This pilot project is intended to establish a Career Ladder model for the hospitality industry. This project will institutionalize a base line for career advancement opportunities in the industry and is supported by EDD and the California Hotel and Lodging Association (CHLA). The RIM Corporation is headquartered in Modesto, and owns and manages 18 hotel properties. RIM Corporation has designed a three phase training program to train low-paid and unskilled employees, facilitate their upward mobility within the organization, and create a skilled and promotable pool of employees. There are eight categories that include Food & Beverage-Kitchen; Food & Beverage-Dining/Lounge; Food & Beverage-

Banquets; Front Desk Representative; Housekeeping-Rooms Department; Facilities; Administrative-Management; and Sales and Management. Each category is comprised of level one through level six. Each level has several positions and career steps that start from the lowest position to the highest position in that level.

A personal training plan will be developed for each employee in the training program. The plan will outline training, steps in the career ladder, and wage increases in each step. The employees that complete their personal training plan will be given first priority for promotions. Pursuant to Title 22, California Code of Regulations, this Career Ladder project is requesting a wage waiver for trainees to earn \$7 per hour rather than the ETP minimum hourly wage of \$10.58 per hour. Language has been added to the Agreement stipulating that the Contractor will submit to ETP at six-month intervals, and at the completion of the project along with the fiscal closeout documents, written reports that will describe the benefits of training.

Mr. Rufo introduced Mr. Jay Barter, Chief Operating Officer, and Ms. Mary Ann Kuhn, Director of Human Resources. Mr. De Mauro mentioned that this project is similar to the California Bankers Association project that the Panel approved a couple of months ago.

Mr. Rankin stated his concern that the project is too vague; there is not enough information provided. Mr. Rankin stated his definition of a career ladder is where there is upward mobility not a lateral move. Ms. Kwalwasser mentioned that the Panel had this same concern with the Bankers Association project. It was determined that in some companies an individual must move laterally in order to move upward.

The Panel lost the quorum at 2:50 p.m. due to the absence of Mr. Rankin.

Mr. DeMauro recommended that the Panel could either continue as a Committee of the Whole and bring recommendations to the full Panel via a teleconference or delegate authority to Mr. DeMauro to approve remaining contracts after consultation with the Chair and the Vice Chair. The Panel decided to continue as a Committee of the Whole recommending action on the remaining projects to Mr. DeMauro for final approval. Action on the remaining items on the Agenda, mainly consisting of the Concept Papers, will be taken up by the entire Panel.

Ms. Murphy was concerned as to what was being modeled. She stated there does not appear to be any direct requirement to track advancement. She questioned how one would advance laterally. She stated her concern with the Career Ladders concept because every company and every industry has some sort of career path.

Ms. Kuhn stated that the Company does support movement. It is very critical in their industry that all their entry-level employees receive adequate training in order to perform the next function. Mr. Barter stated that this business is one of opening up doors and this training program provides the skills required for advancement. He

stated this is a pilot program and would like to move forward to develop this as a model for the whole California Hotel and Lodging Association.

Ms. Kwalwasser suggested EDD meet with the Panel regarding the Career Ladder program and definitions of advancement and how the non-vertical movement constitutes advancement. Ms. Kwalwasser requested EDD to closely monitor this project assuring that it is a Career Ladder project. Mr. DeMauro stated that ETP staff does have ongoing meetings with EDD. To answer Ms. Murphy's concern regarding what this project is modeling and the advancement opportunities, Mr. DeMauro stated when meeting with EDD he will request EDD to construct a more definitive presentation to the Panel regarding movement and wage increase.

ACTION: Acting as a Committee of the Whole, the Panel's resolution allows the General Counsel to approve the project after consultation with the Panel Chair and Vice-Chair.

Approval of the One-Step Agreement was recommended for approval by the Committee of the Whole, 3 - 1 (Roll call vote: Mr. Brown - yes; Mr. Hodess - yes; Ms. Murphy - no; Ms. Kwalwasser - yes).

Long Beach Workforce

The One-Step Agreement for Oakwood Worldwide had been withdrawn from consideration at this month's Panel meeting.

California State University – Dominguez Hills Foundation

Mr. Tagami presented a One-Step Agreement for California State University (CSU) - Dominguez Hills Foundation in the amount of \$140,080 to retrain 180 employees from participating companies. The Contractor's representative stated that all training will be customized and job specific. All training will be conducted at employers' sites.

Mr. Tagami introduced Jerry Alston, Director of Corporate Relations for CSU; and Reginald Akpata, Management Consultant with The Phoenix Consulting Company.

ACTION: Mr. Brown moved the Committee of the Whole recommend approval of this One-Step Agreement. Acting as a Committee of the Whole, its resolution allows the General Counsel to approve the project after consultation with the Panel Chair and Vice-Chair.

Motion carried, 4 - 0 (Roll call vote: Mr. Brown - yes; Mr. Hodess - yes; Ms. Murphy - yes; Ms. Kwalwasser - yes).

XII. APPROVAL OF PROJECTS LESS THAN \$100,000

Mr. DeMauro said he will approve the following projects that are for an amount less than \$100,000 since there were no negative comments received from the Panel:

Recot, Inc., d.b.a. Frito-Lay, Inc. – Manteca
International Circuits and Components, Inc.
PerkinElmer Instruments Detection Systems - Withdrawn

XIII. COACHING AS REIMBURSABLE TRAINING CONCEPT PAPERS

Mr. DeMauro stated coaching is not permitted as a form of reimbursable training under standard ETP criteria. The Panel would need to approve a regulation permitting coaching as described in the proposals for UAW Labor Employment and Training Corporation, and Affiliated Computer Services. Mr. DeMauro suggested the Concept Papers be presented and the Panel direct staff to bring a Proposed Agreement back to the Panel with the necessary regulatory changes in place.

Mr. Steve Duscha presented two concepts: (1) to train displaced workers in Los Angeles County who have been laid off from their jobs as a result of the September 11 attacks and the economy slowdown and are receiving unemployment insurance or who have received a notice of layoff; and (2) training for small business. This application proposes to pilot test one-on-one coaching as the training method combining elements of classroom, laboratory, and structured on-site training in a method that is highly customized. All training is through one-on-one coaching with a trainer directly interacting with one trainee at a time. The coach follows a specific curriculum customized to the needs of individual trainees and the companies where they will be employed. No regular work will be completed during basic instruction, which may take place at a distance from the trainee's worksite or at the worksite and may involve simulated work products. These hours will be equivalent to classroom or laboratory training in a standard ETP contract. The remainder of the training may consist of observing and evaluating the trainee and providing coaching and feedback while the trainee is performing regular work activities. These hours will be equivalent to SOST in a standard ETP contract. Mr. Duscha stated the coaching model offers an opportunity to train in situations where the classroom model does not apply. Ms. Kwalwasser asked if this concept is a unique model. Mr. Duscha replied this is improving on other models, such as on the job training, and SOST. Ms. Kwalwasser requested that when this proposal is brought back to the Panel next month, it be presented first and with specific examples of intentions.

XIV. EXECUTIVE SESSION

Mr. DeMauro stated there would not be an Executive Session at this month's Panel meeting.

XV. ADJOURN

There being no further business and no objection, the meeting was adjourned at 3:35 p.m.